ANNUAL REPORT 2016
Petroleum Services Group AS

Org number. 986 922 113

Company overview and operations
Petroleum Services Group AS was incorporated 11th May 2004. During 2015 the company sold its last subsidiary.

The address of the company's registered office is Smålonane 16, 5353 Straume, in Fjell municipality. Petroleum Services Group AS also have an office in Abu Dhabi.

Overview of the development and results
The operating result in 2016 was negative NOK 867 thousand compared to negative 2 551 thousand in 2015. The net result in 2016 was negative NOK 316 thousand compared to NOK 15 345 thousand in 2015. The difference was mainly due to the sales of subsidiary companies in 2015.

Accumulated cash flow from the company's operations was NOK 4 465 thousand.

Financial risk
The level of activity for the Group has been low in 2016 since the majority of the operations were sold and therefor the total financial risk is considered to be low.

Research and development
There was no research and development or significant investment in the company in 2016.

Continued Operations
The Board has considered the factors above in relation to continued operations and concluded that in accordance with the Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern.

Working environment
There were no employees in the company at the end of 2016 and 2015.

Gender Equality
As of 31 December 2016 the Board of Petroleum Services Group AS had 3 Board Members, hereof 1 woman. Based on an assessment of the number of employees and job categories the Board has not found it necessary to implements specific actions with regard to equality.

Environmental Reporting
All activities that effect the environment are managed by means of well-established systems and processes in order to identify and eliminate or reduce any negative impact, and to ensure, as a minimum, compliance with legislation and regulations set out by the authorities. The environmental aspects of the activities are identified and managed.

Annual Result and Allocations
The Board believes that the accounts give a true and fair view of the assets and liabilities, financial position and results for 2016.

There are no events after the closing that are of importance for the evaluation of the financial statements.

The Board proposes the following allocations of the Company's result for the financial year:

Loss for the year	NOK	(316) thousand
Total Loss allocated to retained earning	NOK	(316) thousand

Straume, 15.06.2017

Pål Stampe
Chairman of the Board

Stian Tuv
Board Member

Maria Tallaksen
CEO/ Board Member

INCOME STATEMENT

In NOK 1 000

	Note	Year ended 31 December 2016	2015
Other operating revenue	2,11	-	(811)
Total operating revenue		**-**	**(811)**
Project cost		-	(321)
Payroll expenses	12	114	117
Depreciation, amortisation and impairments	6	6	97
Other operating expenses	3,11,12,13	747	1 847
Total operating expenses		**867**	**1 741**
Operating profit/(loss)		**(867)**	**(2 551)**
Financial income		742	(3 393)
Financial expenses		191	9 400
Net financial items	14	**551**	**(12 793)**
Profit/(loss) before income tax		**(316)**	**(15 345)**
Income tax expense/(benefit)	9	-	-
Profit/(loss) for the year		**(316)**	**(15 345)**
Appropriation of net income and equity transfers			
Profit attributable to equity holders		(316)	(15 345)
Total appropriation	8	**(316)**	**(15 345)**

BALANCE SHEET

In NOK 1 000

	Note	As at 31 December 2016	2015
Assets			
Machinery and operating equipment	6	-	6
Tangible fixed assets		**-**	**6**
Investment in shares		-	416
Financial fixed assets		**-**	**416**
Total non current assets		**-**	**422**
Trade receivables		1	-
Other receivables	4	353	7 528
Receivables		**355**	**7 528**
Cash and cash equivalents	5	20 733	65 549
Current assets		**21 088**	**73 077**
Total assets		**21 088**	**73 499**

BALANCE SHEET

In NOK 1 000

	Note	As at 31 December 2016	2015
Equity and liabilities			
Share capital	7,8	1 242	1 242
Total paid in equity		**1 242**	**1 242**
Earned equity		14 423	14 740
Total earned equity		**14 423**	**14 740**
Total equity	8	**15 665**	**15 981**
Trade payables		152	1 009
Public duties payable		5 188	5 600
Dividend		-	49 998
Other current liabilities	10	84	910
Total current liabilities		**5 423**	**57 518**
Total liabilities		**5 423**	**57 518**
Total equity and liabilities		**21 088**	**73 499**

Straume, 15.06.2017

Pål Stampe
Chairman of the Board

Maria Tallaksen
CEO/ Board Member

Stian Tuv
Board Member

STATEMENT OF CASHFLOW

In NOK 1 000

	Year ended 31 December 2016	2015
Ordinary profit/(loss) before taxes	(316)	(15 345)
Financial income	(742)	3 393
Financial expenses	191	9 400
Depreciation, amortisation and impairment of tangible assets	6	97
Change in trade receivables	(1)	811
Change in trade payables	(857)	(1 453)
Change in other accruals	6 186	(5 211)
	4 465	**(8 307)**
Income tax paid	-	-
Income interest received	425	141
Net cash flow from operational activities	**4 890**	**(8 167)**
Cash inflows from sale of shares	293	541
Net cash flow from investment activities	**293**	**541**
Dividend received	-	3 032
Dividend paid	(49 998)	-
Interest paid	(1)	-
Net cash flow from finance activities	**(49 999)**	**3 032**
Net change in cash and equivalents	**(44 816)**	**(4 593)**
Cash and equivalents at start of period	**65 549**	**70 142**
Cash and equivalents at end of period	**20 733**	**65 549**

Notes to the accounts

1 ACCOUNTING PRINCIPLES

Petroleum Services Group AS is a holding company. The company's main operations are based at Straume in Bergen, with an office in Abu Dhabi.

Petroleum Services Group AS was de-listed from Oslo Stock Exchange at the 31 December 2014. The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Smålonane 16, 5353 Straume.

In December 2015 the company sold its last subsidiary. There will therefore not be prepared consolidated financial statements from 2015 and going forward.

The financial statements have been prepared in accordance with the Norwegian accounting act and accounting principles generally accepted in Norway (NGAAP). The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities.

The financial year follows the calendar year. Income statement items are classified by nature.

Changes in accounting policy and disclosures
Effects of changes in accounting policies and correction of material errors in previous annual financial statements are recognised directly in equity. The comparative figures are restated accordingly.

Subsidiary companies
Subsidiary companies are valued in accordance with the cost method in the company accounts. The investment is calculated according to acquisition cost of the shares unless a write-down has been required. Group contributions are entered as revenue in the same year as allocation in the subsidiary company is made. If distribution exceeds ratio of retained earnings for the ownership in the period, the excess part is accounted for as a repayment of invested capital and recognised as a reduction of investment in the balance.

Classification and valuation of balance sheet items
Assets meant for permanent ownership or use is classified as non-current assets. Assets held as a part of the company's service cycle and is expected to be realised or used during the course of the unit's normal production period are classified as current assets. Receivables are classified as current if they are to be settled within one year. Analogous criteria apply for liabilities.

Non-current assets are valued at historical cost. Tangible fixed assets that deteriorate in value are depreciated on a linear basis over estimated financial lifespan. Tangible fixed assets are written down to real value in the event of a permanent decrease in value. Long-term liabilities in NOK, excluding other provisions, are entered in the balance sheet at nominal value at the time they arise. Provisions are discounted if the interest rate element is material.

Current assets are valued at the lowest of acquisition cost and fair value. Current liabilities are entered at nominal value at the time they arise.

Sales revenue
The company's business consists primarily of corporate services to subsidiaries of the Group. Services are recognised in the time of execution. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

The company's business of services related to personnel and equipment hire are recognised based on daily/monthly rates and actual registered hours. Revenue is recognised when it is probable that transactions will generate future economic benefits that will flow to the company and the revenue amount can be reliably estimated. Revenues from the sale of goods are recognised in the income statement once delivery has taken place, the risk has been transferred and the company has established a receivable due by customer. Income is presented without value added tax and after any discounts.

Revenues relating to projects are recognised in the income statement in line with the project's progress and when the project's results can be reliably estimated. Level of completion is calculated as an incurred cost's percentage of anticipated total cost. For projects expected to generate a loss, the full estimated loss is recorded as cost immediately.

Comparison principle
Accrual in the financial statements is based on comparison of revenues and expenses during the period. Unrealised losses that are probable and quantifiable, and unconditional commitments and orders are expensed in accordance with generally accepted accounting principles.

Currency
Monetary items in foreign currency are converted according to the exchange rate of the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account and are classified as financial items.

Notes to the accounts

1 ACCOUNTING PRINCIPLES

Contingent liabilities and contingent assets
Contingent liabilities are recognised if there is more than 50 % chance that they will have to be settled. Best estimates are used in calculating the settlement value. Provisions for contingencies inherent in the product cycle or with the expected settlement date within one year from the balance sheet date are classified as current liabilities. Other provisions are classified as provisions for liabilities under long-term debt.

Extraordinary income and expenses
Income is classified as extraordinary if they are unusual, irregular and material considered in relation to the company's business.

Tangible fixed assets
Tangible fixed assets are valued at cost less accumulated depreciation and write-downs. The costs of tangible fixed assets comprise the purchase price, including duties/taxes and direct acquisition costs linked to making the asset fit for use.

Depreciation is calculated linearly based on the estimated useful life. Expenses accrued after the asset has been taken into use, such as repairs and maintenance, are normally recognised in the income statement. In cases where increased earnings can be demonstrated as a result of repairs/maintenance, the expenditure on this will be recognised in the balance sheet as additions to property, plant and equipment.

The write-down requirement for fixed assets is assessed if there are indications of impairment. If indication of impairment is present there are performed an estimate of discounted future cash flows for assets that will continue to be in use in the company, and an estimate of selling price less cost of assets that are for sale. If calculation shows a value less than the carrying value assets will be write-down to fair value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating revenue or other operating expenses in the income statement.

Short-term investments
Short-term investments (shares classified as current) are valued at lowest of average acquisition cost and fair value at the balance sheet date. Dividends and other disbursements are recognized as other financial income.

Receivables
Debtors and other receivables are entered in the balance sheet at nominal value less provision for bad debt. Provision for bad debt is estimated based on individual assessment of the debtors.

Completed, not invoiced/ advances for customers
Earned, but not invoiced revenues by the percentage of completion, is carried out production which according to a contract are not invoiced at balance sheet date. Completed, not invoiced production is included in the line trade receivables. For projects where the invoicing exceeds the income from the completed production, the net amount is included in other current liabilities.

Cash and cash equivalents
Cash and cash equivalents are defined as cash and bank deposit.

Best estimate
When there is uncertainty associated with financial statement item, best estimate is used. Changes in estimates are recognised in the period in which the estimate is changed. Use of estimates is uncertain and may differ from actual results.

Cash Flow Statement
The cash flow statement presents the accumulated cash flow for operational, investment and financial activities. The statement outlines the effect that each activity has on liquid assets. The cash flow statement has been prepared in line with the indirect model.

Tax
The cost of tax in the profit and loss account comprises both the period's tax payable, and changes in deferred tax. Deferred tax is calculated at a rate of 24% (25%) based on the temporary differences between accounting and tax values, as well as any loss to be carried forward at the end of the financial year. Taxable and deductible temporary differenced that reverse or may reverse in the same period is offset. Deferred tax assets are recognised when it is probable that the company will have a sufficient future profit to utilize the tax asset. Tax increasing and tax reducing temporary differences are disclosed net.

Notes to the accounts

2 Operating revenues		In NOK 1 000
	2016	2015
Sale of services	-	-
Other operating revenue	-	(811)
Total operating revenue	**-**	**(811)**

3 Other operating expenses		In NOK 1 000
	2016	2015
Rent of premises	14	84
Consulting fees	489	1 655
Other operating expenses	244	108
Other operating expenses	**747**	**1 847**

4 Other current receivables		In NOK 1 000
	2016	2015
VAT receivables	-	132
Other current receivables	353	7 396
Other current receivables	**353**	**7 528**

5 Cash and cash equivalents		In NOK 1 000
	2016	2015
Bank deposits	20 733	65 549
Cash and cash equivalents	**20 733**	**65 549**
Of which is restricted deposits:	**-**	**33 688**

6 Fixed assets		In NOK 1 000
	2016	2015
	Machinery and operating equipment	Machinery and operating equipment
Historical cost 01.01.	5 534	5 529
Additions	-	5
Disposal	-	-
Historical cost 31.12.	**5 534**	**5 534**
Accumulated depreciation 01.01.	5 528	5 432
Amortisation of the year	6	97
Disposal depreciation during the year	-	-
Accumulated depreciation 31.12.	**5 534**	**5 528**
Book value 31.12.	**-**	**6**
Depreciation rates	3 years	3 years
Depreciation method	Linear	Linear

Notes to the accounts

7 Share Capital and Shareholder Information — In NOK 1 000

At 31 December 2016 and 2015 the company had a share capital of NOK 1 241 524 distributed in 124 152 393 shares, each with a nominal value of NOK 0.01

All issued shares are fully paid. The company has one share class, and all shares have equal voting and dividend rights.

Shareholders in Petroleum Services Group AS with a minimum of 1% share of ownership, were at 31 December 2016 and 2015 as follows:

Shareholders at 31 December 2016	Number of shares	Equity interest
Altor Oil Service Invest AS	90 308 128	72.7 %
Tigerstaden AS	10 956 266	9.2 %
Hortulan AS	4 166 000	2.8 %
Hemaca AS	3 062 759	2.5 %
Skulstad AS	1 250 000	1.0 %
Total shareholders with equity interest > 1,0 %	**109 743 153**	**88.2 %**
Total other shareholders	14 409 240	**11.8 %**
Total	**124 152 393**	**100 %**

Shareholders at 31 December 2015	Number of shares	Equity interest
Altor Oil Service Invest AS	90 308 128	72.7 %
Tigerstaden AS	10 956 266	9.2 %
Hortulan AS	4 166 000	2.8 %
Hemaca AS	3 062 759	2.5 %
Svein Magne Skulstad	1 250 000	1.0 %
Total shareholders with equity interest > 1,0 %	**109 743 153**	**88.2 %**
Total other shareholders	14 409 240	**11.8 %**
Total	**124 152 393**	**100 %**

8 Changes in equity — In NOK 1 000

	Share capital	Total invested capital	Reserves	Total equity
Opening balance 01.01.2015	**1 242**	**1 242**	**59 731**	**60 972**
Result for financial year	-	-	(15 345)	(15 345)
Debt forgiveness	-	-	20 351	20 351
Dividend	-	-	(49 998)	(49 998)
Adjustment to equity	**-**	**-**	**(44 991)**	**(44 991)**
Closing balance 31.12.2015	**1 242**	**1 242**	**14 740**	**15 981**
Opening balance 01.01.2016	**1 242**	**1 242**	**14 740**	**15 981**
Result for financial year	-	-	(316)	(316)
Adjustment to equity	**-**	**-**	**(316)**	**(316)**
Closing balance 31.12.2016	**1 242**	**1 242**	**14 424**	**15 665**

Notes to the accounts

9 Tax

In NOK 1 000

	2016	2015
Amendments, deferred tax Norway	-	-
Income tax expense	**-**	**-**
Reconciliation of tax payable		
Tax payable	-	-
Tax payable in balance sheet	**-**	**-**
Reconciliation of tax payable		
Pre-tax result	(316)	(15 345)
Expected 25 % (27 %) tax cost	**(79)**	**(4 143)**
Variance, actual and expected tax cost	**79**	**4 143**
Explanation why actual tax cost deviates from expected tax cost:		
Tax effect from non-deductible costs	31	9 083
Tax effect from non-taxable income	-	(819)
Tax losses for which no deferred income tax asset was recognised	48	(4 121)
Variance compared to expected tax cost	**79**	**4 143**
Calculation of tax payable:	**2016**	**2015**
Pre-tax result	(316)	(15 345)
Tax effect from non deductible costs	122	33 639
Tax effect from non taxable income	-	(3 032)
Amendments, deferred tax	(233)	(246)
Loss carried forward	-	(15 016)
Basis for tax calculation	**(427)**	**-**

Deferred tax
Below is a specification of interim variations between account-related and tax-related values, as well as calculation of deferred tax / tax advantage at the end of the financial year.

Basis for deferred tax	**2016**	**2015**	**Change**
Fixed assets	(595)	(828)	233
Loss carried forward	(129 363)	(128 936)	(427)
Amount linked to long-term balance sheet items	**(129 958)**	**(129 764)**	**(194)**
Calculation of deferred tax / tax advantage	(32 490)	(35 036)	2 547
Re-measurement of deferred tax - change in the tax rate	1 300	2 595	(1 296)
Total change defered tax	**(31 190)**	**(32 441)**	**1 251**
Deferred tax entered in balance sheet			
Deferred tax advantage entered in balance sheet	**-**	**-**	**-**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

After the sales of the Petroleum Services business, the Group does not have any significant activity in Norway and as of today the losses to be carried forward is not expected to be used.

Notes to the accounts

10	Other current liabilities	In NOK 1 000
	2016	2015
Other incurred costs	84	85
Other creditors	-	-
Other short term liabilities	-	825
Total current liabilities	**84**	**910**

11	Related parties	In NOK 1 000
Sales of goods/ other operating revenue	**2016**	**2015**
Sales to Petroleum Services companies	-	-
Total	**-**	**-**
Purchase of goods/ other operating costs	**2016**	**2015**
Purchase from Petroleum Services companies	-	477
Total	**-**	**477**

12	Wages, fees, number of employees etc.	In NOK 1 000
	2016	2015
Wages	100	103
Employers' social security contributions	14	14
Other wage costs	-	-
Total	**114**	**117**
Average number of man labour	-	-

Accumulated expenses for wages, pension premiums and other remuneration to managing director and members of the company's board accordingly for 2016 and 2015 were:

2016	Wages	Pension premiums	Other remuneration	Total
The board				
Kai André Stæger-Holst	100			100
Total	**100**	**-**	**-**	**100**

2015	Wages	Pension premiums	Other remuneration	Total
The board				
Kai André Stæger-Holst	100			100
Total	**100**	**-**	**-**	**100**

Specification of auditor's fee	2016	2015
Fees for audit of annual accounts	241	171
Fees for tax-related and corporate legislation advice	149	58
Fees for other attestation services	-	-
Fees for other services	-	-
Total	**391**	**229**

Notes to the accounts

13 Leasing costs

In NOK 1 000

The Company has entered into the following lease agreements for tangible assets not recognised in the balance sheet, but expensed as

	2016	2015
Land, Buildings and permantent property	-	54
Total	**-**	**54**

14 Financial income and expenses

In NOK 1 000

	2016	2015
Other interest income	425	141
Other financial income	317	2 995
Gain on sale of subsidiary	-	(6 529)
Total financial income	**742**	**(3 393)**
Other interest expenses	(1)	-
Other financial expenses	(67)	(2 733)
Loss on sale of share	(122)	(6 668)
Total financial expenses	**(191)**	**(9 400)**
Net financial items	**551**	**(12 793)**

15 Contingencies

Reference is made to Petroleum Services Group AS 2013 Annual Report, note 31 where a dispute between Awilco Drilling plc, Antrim Energy Inc and Petroleum Services Group AS is described. When AGR Holdings AS and it's subsidiaries were sold to AGR Bidco in 2014, Petroleum Services Group AS guarantied for the outcome of the dispute and money was placed on escrow.

The dispute was settled in 2015. The net cash effect for Petroleum Services Group AS was a release from escrow of TNOK 19 230. In addition, Petroleum Services Group AS has taken over a claim against First Oil. The amount of USD 846 573 was received 22.03.2016.